

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 937 - HB 1311

March 24, 2023

SUMMARY OF BILL AS AMENDED (005967): Creates the *Graduate Physicians Act*. Defines a "graduate physician" as a medical school graduate who has completed Step 1 and 2 of the United States Medical Licensing Examination (USMLE) or combination of examinations that is approved by the Board of Medical Examiners (BME) or the Board of Osteopathic Examination (BOE) within the set time restrictions.

Requires the BME, in consultation with the BOE, to establish the process for licensure of graduate physicians, including licensure, supervision requirements, and additional requirements for graduate physician collaborative practice arrangements. Authorizes the BME to set fees, which must include a requirement that the total fees collected each year must be greater than or equal to the total costs necessary to facilitate the graduate physician collaborative practice arrangement each year.

Establishes a graduate physician license is only valid for two years from the date of issuance and is not subject to renewal.

Authorizes a graduate physician to enter into a collaborative practice arrangement with a licensed physician who is board-certified by the BME or the BOE, in the specialty that the graduate physician is practicing, which must only include pediatrics, internal medicine, or family medicine. The duration of the collaborative practice arrangement is decided amongst the graduate physician and the licensed physician.

Under a collaborative practice arrangement, a graduate physician is authorized to provide primary medical care services in: (1) medically underserved rural areas of this state; (2) a pilot project area established for graduate physicians to practice; or (3) a rural health clinic under the federal *Social Security Act*.

Establishes that a graduate physician may receive credit towards a future residency program upon successful completion of a collaborative practice service.

Requires the licensed physician collaborating with the graduate physician to supervise the activities of the graduate physician and accept full responsibility for the primary care services provided by the graduate physician. Requires the licensed physician collaborating with a graduate physician to complete a certification course approved by the BME or BOE.

Takes effect January 1, 2025.

FISCAL IMPACT OF BILL AS AMENDED:

**Increase State Revenue - \$47,700/FY24-25/Board of Medical Examiners
\$86,800/FY24-25 and Subsequent Years/
Board of Medical Examiners**

**Increase State Expenditures – \$47,700/FY24-25/Board of Medical Examiners
\$86,800/FY25-26 and Subsequent Years/
Board of Medical Examiners**

Pursuant to Tenn. Code Ann. § 4-29-121, all health-related boards are required to be self-supporting over a two-year period. The BME had an annual surplus of \$937,379 in FY20-21, an annual surplus of \$902,739 in FY21-22, and a cumulative reserve balance of \$3,289,036 on June 30, 2022.

Assumptions for the bill as amended:

- Based on information previously provided by the Department of Health (DOH), the proposed legislation cannot be accommodated within existing resources. The DOH will require one Regulatory Board Administrative Assistant 2 position to administer the clerical needs for the new program.
- It is assumed the new position will be hired January 1, 2025.
- The one-time increase in state expenditures associated with the additional position is estimated to be \$4,300 (\$1,600 computer cost + \$2,700 office furniture).
- The recurring increase in state expenditures associated with the additional position is estimated to be \$86,806 (\$59,496 salary + \$17,210 benefits + \$7,900 administrative cost + \$1,400 communications + \$600 supplies).
- Due to the effective date, the total increase in state expenditures is estimated to be \$47,703 [$\$86,806 \times 50.0\%$] + \$4,300] in FY24-25, and \$86,806 in FY25-26 and subsequent years.
- The collaborative practice arrangements only authorize a licensed graduate physician to provide primary medical services in pediatrics, internal medical and family medicine. Additionally, collaborative practice arrangements are only authorized in medically underserved rural areas of the state, a pilot project area established for graduate physicians to practice, or in rural health clinics under the federal Social Security Act. According to the Kaiser Family Foundation, there were 664 medical school graduates in Tennessee in 2021.
- Due to the limitations on geographical area and type of medical services a graduate physician is authorized to provide, it is assumed that 10 percent or 66 of those students would apply for a graduate physician licensure. This number is assumed to remain constant.
- The proposed legislation requires that the fees collected by the BME must be at least equal to the total costs of facilitating graduate physician licensure.
- There will be a resulting increase in state revenue of \$47,703 in FY24-25, and \$86,806 in FY25-26 and subsequent years.

- Requiring fees to be set at a level necessary to equal expenses could result in unreasonable costs for applicants, meaning fewer graduates seeking licensure. Such impact is dependent on a number of factors and cannot be estimated with reasonable certainty.
- Pursuant to Tenn. Code Ann. § 4-29-121, all health-related boards are required to be self-supporting over a two-year period. The BME had an annual surplus of \$937,379 in FY20-21, an annual surplus of \$902,739 in FY21-22, and a cumulative reserve balance of \$3,289,036 on June 30, 2022. The BOE had an annual surplus of \$146,215 in FY20-21, an annual surplus of \$180,284 in FY21-22, and a cumulative reserve balance of \$1,378,663 on June 30, 2022.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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